

<p>BOARD OF ASSESSMENT APPEALS STATE OF COLORADO 1313 Sherman Street, Room 315 Denver, Colorado 80203</p> <hr/> <p>Petitioner:</p> <p>CIVIC CENTER LLC,</p> <p>v.</p> <p>Respondent:</p> <p>LARIMER COUNTY BOARD OF EQUALIZATION.</p>	<p>Docket No.: 58199</p>
<p>ORDER</p>	

THIS MATTER was heard by the Board of Assessment Appeals on April 4, 2012, Diane M. DeVries and Debra A. Baumbach presiding. Mr. J.D. Padilla appeared pro se on behalf of Petitioner. Respondent was represented by Linda K. Connors, Esq. Petitioner is protesting the 2011 actual value of the subject property.

Subject property is described as follows:

144 N. Mason St., Fort Collins, Colorado 80524
Units 1-8, Civic Center Village Condos
Larimer County Schedule No's R1646642 thru 47

The subject is a part of the Civic Center Parking Garage located in Old Town of Fort Collins. The building itself is comprised of a five story covered parking garage with subject property located on the first floor. The subject of this appeal only concerns six of the total of eight condo units located on the first floor of the parking structure; as the remaining two condos are occupied and leased by the City of Fort Collins Police Department, thus exempt from real property tax. There are eight years remaining on the ground lease currently in place for the subject. Also, there is a 20-year lease renewal option available after the expiration of the current lease.

Respondent assigned an actual improvement value of \$696,200.00 for the subject for tax year 2011. Petitioner is requesting an improvement value of \$47,556.00 for 2011.

Petitioner's witness, Mr. J.D. Padilla, testified that he is the owner of the subject property which he purchased in 2003. Mr. Padilla contends that the town of Fort Collins owns the land and building and he only owns the air space in relation to the eight condominium office units.

Mr. Padilla testified that Respondent has incorrectly valued his property by not considering that there is only eight years remaining on the ground lease and that the town of Fort Collins has control over the building and the land. It is his understanding of the contract that the building and land revert back to the town of Fort Collins at the end of the lease. There is a 20 year option at the end of the lease, however, it is only an option and there is no guarantee that he or anyone else would be able to execute a new lease. Additionally, with only eight years remaining on the ground lease and no guarantee to renew the lease, there is a marketability issue as no banks or lenders would consider loaning on a property of this type.

Mr. Padilla testified that Respondent has overvalued his property in comparison to other similar properties subject to ground leases. Respondent has valued the improvements of the other similar properties at 14% of their total value; and Petitioner believes that his property should be valued the same as the other properties selected by Respondent in the analysis.

Mr. Padilla based his value of \$47,556.00 on \$23.52 per square foot improvement value and a land value of \$278,171.04. Of the total value, Mr. Padilla apportioned approximately 14.6% to the improvement value and approximately 85.4% to the land value. Mr. Padilla used the same ratio Respondent had used in valuing the Chili's property, located at 3524 S. College Ave. in Fort Collins, that was also subject to a ground lease.

Petitioner is requesting an actual value of \$47,556.00 for the subject property for tax year 2011.

Respondent presented an indicated value of \$696,200.00 for the subject property for tax year 2011.

Respondent's witness, Ms. Christine Murray, Certified General Appraiser with Larimer County Assessor's Office, presented the following indications of value:

Cost:	\$1,707,643.00
Market:	\$942,375.00
Income:	\$934,333.00

Ms. Murray testified that she considered all three approaches to value but placed most weight on the market approach.

Based on the market approach, Ms. Murray presented an indicated value of \$942,375.00 for the subject property. Ms. Murray presented three comparable sales ranging in sale price from \$204,000.00 to \$665,800.00 and in size from 870 to 2,873 square feet. After adjustments were made, the sales ranged from \$167.00 to \$206.00 per square foot. After Ms. Murray deducted 25%

land value component, the sales ranged from \$125.00 to 155.00 per square foot. Ms. Murray concluded to \$79.68 per square foot improvement value.

Ms. Murray testified that the comparable sales are all office condominium units, located within close proximity to the subject. They are considered to be the most similar to the subject property and adjustments were made for all differences affecting the value.

The property is subject to a 20 year ground lease with eight years remaining and a 20 year lease renewal option. According to the copy of the Warranty Deed presented to the Board, Petitioner owns the improvements and the town of Fort Collins owns the land. The roof of the building is owned and maintained by Fort Collins and the grounds and common area is maintained by Petitioner. No evidence was presented to indicate that Petitioner only owns the air space in connection with the subject property.

Ms. Murray used the income approach to derive a value of \$934,333.00 for the subject property. A typical rental rate in the area of \$12.00 was used, a 13% vacancy and collection loss was applied, and 14% was accounted for management insurance and reserves for replacement. Ms. Murray used a capitalization rate of 8.5% for an indicated value of \$934,333.00 based on the income approach.

Respondent assigned an actual value of \$696,200.00 for the subject property for tax year 2011.

Respondent presented sufficient probative evidence and testimony to prove that the subject property was correctly valued for tax year 2011.

Petitioner failed to provide any evidence showing that he does not own the subject improvements. Also, the Board was not persuaded that the marketability of the subject was negatively affected by the fact that only eight years remain on the lease. Petitioner provided the Board with only a partial copy of the Warranty Deed titled specifically as "Assignment of Interest in Ground Lease and General Warranty Deed to Improvements and Assumption by Grantee." Further, Petitioner testified that he obtained bank financing and purchased the property. Petitioner did not provide the Board with evidence showing that lending facilities would lend strictly based on air space and not on the improvements.

The Board placed most weight on Respondent's valuation of the subject property. Respondent considered all three approaches to value and accounted for the land portion. The assigned value is below any of the indicated value ranges and takes into consideration any additional factors affecting the subject.

Petitioner's valuation analysis was based on an assigned value of another property. The Board can consider an equalization argument if evidence or testimony is presented that shows to the Board that the assigned values of the equalization comparables were derived by application of the market approach or that each comparable was correctly valued. Since the assigned value of Petitioner's

comparable sale was derived by a computerized mass appraisal rather than a site-specific market approach, the Board gives minimal weight to the equalization argument made by Petitioner.

ORDER:

The Petition is denied.

APPEAL:

If the decision of the Board is against Petitioner, Petitioner may petition the Court of Appeals for judicial review according to the Colorado appellate rules and the provisions of Section 24-4-106(11), C.R.S. (commenced by the filing of a notice of appeal with the Court of Appeals within forty-five days after the date of the service of the final order entered).

If the decision of the Board is against Respondent, Respondent, upon the recommendation of the Board that it either is a matter of statewide concern or has resulted in a significant decrease in the total valuation of the respondent county, may petition the Court of Appeals for judicial review according to the Colorado appellate rules and the provisions of Section 24-4-106(11), C.R.S. (commenced by the filing of a notice of appeal with the Court of Appeals within forty-five days after the date of the service of the final order entered).

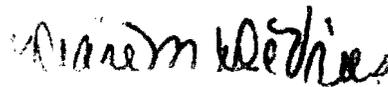
In addition, if the decision of the Board is against Respondent, Respondent may petition the Court of Appeals for judicial review of alleged procedural errors or errors of law within thirty days of such decision when Respondent alleges procedural errors or errors of law by the Board.

If the Board does not recommend its decision to be a matter of statewide concern or to have resulted in a significant decrease in the total valuation of the respondent county, Respondent may petition the Court of Appeals for judicial review of such questions within thirty days of such decision.

Section 39-8-108(2), C.R.S.

DATED and MAILED this 27th day of April, 2012.

BOARD OF ASSESSMENT APPEALS

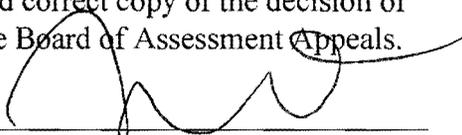


Diane M. DeVries

Debra A. Baumbach

Debra A. Baumbach

I hereby certify that this is a true
and correct copy of the decision of
the Board of Assessment Appeals.



Milla Crichton

